PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

MINISTRY OF AGRICULTURE

Table of Contents

Letters of Transmittal 4

Introduction 6

Alignment with Government's Direction 7

Strategic Priorities and Accomplishments in 2008-09 7

Financial Summary 14

Financial Schedules 16

Financial Schedules - Notes 18

Appendices 20

Appendix A – Ministry Organization/Organization Chart 20

Appendix B – Loans and Guaranteed Debt 21

Appendix C – Saskatchewan Legislation administered by the Ministry of Agriculture, 2008-09 24

Appendix D – Special Purpose Funds and Agencies with Legislative Responsibilities to the Ministry of Agriculture, as of March 31, 2009 25

Appendix E – Third Party Funding – Assistance to Agricultural Interests 26

Appendix F – Regulatory Amendments 28

This annual report is also available in electronic format from the Ministry's website at **www.agriculture.gov.sk.ca.**

Letters of Transmittal

July 2009

His Honour
The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of the Province of Saskatchewan

Your Honour:

The Government of Saskatchewan is committed to delivering and building on its promises to Saskatchewan people. One of those promises is a commitment to increased transparency and accountability.

A significant number of commitments were made to the Saskatchewan people in our Government's first year of holding office. These include commitments made in: the election platform, the fall 2008 Speech from the Throne, the Ministers' Mandate letters, and the 2008-09 Budget Summary. The 2008-09 Annual Report demonstrates progress towards the commitments that relate to this Ministry as of March 31, 2009.

The initiatives pursued in 2008-09, and the results achieved, are communicated to the legislature and to the Saskatchewan people through this report. The results achieved within our Government's first year provide a foundation for establishing priorities and influencing future government activities. Therefore, the annual reports are not only an important accountability document, but they can help to inform future planning and resource allocation in the upcoming years.

As Minister of Agriculture, it is my pleasure to submit the annual report for the twelve months ending March 31, 2009.

Respectfully submitted,

Bob Bjornerud

Bob Bjornerud
Minister of Agriculture

Letters of Transmittal

June 2009

The Honourable Bob Bjornerud
Minister of Agriculture

Sir:

I wish to present to you the annual report of Saskatchewan Agriculture for the twelve months ending March 31, 2009.

The Ministry's annual report was prepared under my direction in accordance with the Government's Accountability Framework and its system of planning, measuring and reporting. All key actions, and associated economic or fiscal implications of which I am aware, have been considered in the preparation of this report.

Respectfully submitted,

Alanna Koch
Deputy Minister of Agriculture

INTRODUCTION

This annual report presents the Ministry's activities and results for the fiscal year ending March 31, 2009. It reports on public commitments made, and other key accomplishments of the Ministry.

As a transition year, the 2008-09 Annual Report follows a similar format to the 2007-08 Annual Report, and also includes the Government's vision and three goals. With the release of Ministry Plans for 2009-10, ministries will report on publicly committed strategies and actions identified in their plan within the 2009-10 Annual Report.

The 2008-09 Annual Report also sets the stage for the 2010-11 planning and budget process by providing an opportunity to assess the accomplishments, results and identifying how to build on past successes for the benefit of Saskatchewan people. This reporting of actual year-end results, both financial and performance, increases the Ministry's accountability to the public.

The Ministry has not included performance measures in this annual report, as there is no significant new data from what was published on budget day (March 18, 2009) in our 2009-10 Plan. Those measures included in the 2009-10 Plan will be reported on, in our 2009-10 annual report.

The Minister's Mandate was released on November 21, 2007. It may be found at www.gov.sk.ca/cabinet/bjornerud

The 2008 Speech from the Throne was delivered on October 22, 2008, and may be found at www.gov.sk.ca/executive-council/throne-speech

The government-wide Budget Summary 2009-2010: Strong and Steady is available at www.finance.gov.sk.ca/budget2009-10

The Ministry Plan for 2009-2010 may be found at www.agriculture.gov.sk.ca/ministry-overview

This annual report is also available in electronic format from the Ministry's website at **www.agriculture.gov.sk.ca.**

Alignment with Government's Direction

The Ministry's 2008-09 Annual Report aligns with Government's vision and three goals:

Our Government's Vision
A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

Government's Goals:

- Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

- Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

- Keep Government's promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Together, all Ministries and agencies support the achievement of Government's three goals and word towards a secure and prosperous Saskatchewan

2008-09 Strategic Priorities and Accomplishments

Ensure producers have access to effective business risk management programs.

Business risk management programs include Crop Insurance, AgriInvest and AgriStability. The Saskatchewan Crop Insurance Corporation (SCIC) administers the Canada-Saskatchewan Crop Insurance program (AgriInsurance) which protects grain and forage producers from production failures due to natural hazards. It also delivers programs which compensate producers for crop damage caused by big game and migratory waterfowl. SCIC is a provincial Crown Corporation established by an Act of Legislature primarily to administer the Canada-Saskatchewan Crop Insurance program. The corporation is under the portfolio of the Ministry of Agriculture, but does submit it's own annual report. SCIC is committed to provide:

- effective and innovative business risk management programs to compensate production losses due to natural causes of loss.

- provides production loss insurance through four programs: multi-peril, weather-based, forage and organic. In 2008, the Corporation insured 28.2 million acres as compared to about 25.8 million acres the previous year. The corporation insured 73.6 per cent of all acres seeded to grain crops in the province. SCIC also was responsible for a record $3.5 billion in coverage and brought in a record $469.5 million in premiums.

Because of cool weather throughout the growing season, crops were generally behind schedule for much of the year. Significant causes of yield loss in 2008 included drought, hail and quality. While the 1991 to 2007 average is 43, the province registered 99 severe hail events in 2008. In July, a hail event occurred virtually every day somewhere in Saskatchewan. Still, yield and quality were above the 10-year average in most crops. Through all SCIC programs and benefits, there were 9,556 claims paid worth $97.9 million. This compares to 22,189 claims worth $137.6 million in 2007.

Crop Insurance Review

The Saskatchewan Crop Insurance Review was announced by the Minister in April 2008. The objective of the review was to consult with Saskatchewan producers and industry groups to generate recommendations on how to improve the Crop Insurance program. Of the 16 recommendations made in this review, the Government of Saskatchewan is addressing

12 recommendations through the introduction of new program components or enhancements of core programs. The introduction of 100 per cent wildlife damage compensation, yield trending, the yield cushioning pilot, decreased premiums for the Enhanced Irrigation Pilot program, In-Season Price Option and increased establishment payment levels are among the new initiatives being implemented beginning in 2009. The new program features will result in an additional financial commitment of $20 million by the provincial government in 2009. [Mandate letter; 2008-09 Budget summary commitments]

AgriStability

The federal and provincial governments are working together to move delivery of the AgriStability program (formerly known as Canadian Agricultural Income Stabilization Program or CAIS) to Saskatchewan. The cost-shared risk management program will be delivered by Saskatchewan Crop Insurance Corporation, which has an established relationship with farmers and knowledge of farming and ranching operations in the province. SCIC will be able to take advantage of synergies between the Crop Insurance and AgriStability programs in order to improve service delivery. The transition is expected to be completed by 2010, in time to process final 2009 applications. AgriStability's move will create approximately 110 new jobs at the SCIC head office in Melville and 30 new positions at other service locations in rural Saskatchewan. [Mandate letter; 2008-09 Budget summary commitments]

The Ministry funds ongoing risk management programs to help producers stabilize their income and deal with economic disasters. Income stabilization is provided through the AgriStability and AgriInvest programs. These programs are jointly funded by the federal and provincial governments. While these programs are currently delivered in Saskatchewan by the Government of Canada, we are committed to moving administration of the AgriStability program to Saskatchewan to provide an improved level of service for producers. Although program guidelines are subject to federal-provincial-territorial agreement, the federal administration determines specific program delivery parameters and administrative processes.

Income from agricultural production is subject to both price and production risk and may be quite variable from year to year. Effective safety net programs and risk management tools are essential if producers are to deal with these risks and achieve their full economic potential.

The provincial government is committed to fully funding our share of the AgriStability and AgriInvest programs. Full funding has been provided to meet the provincial 40 per cent cost-share of the 2008 AgriStability program. In addition, the March 18, 2009 provincial budget provides full funding for the 2009 program year.

Cattle and Hog Support Program (CHSP)

As a result of financial hardship experienced by cattle and hog producers related to low prices, high feed costs and limited market access, the CHSP was announced in February 2009. The $71.4 million program was established as a one-time payment mechanism to assist cattle and hog producers in addressing their cash flow needs and retaining their breeding herds. The program provides direct payments to Saskatchewan cattle and hog producers. Hog producers received $20 per market hog and $10 per weanling marketed between July 1, 2008 and January 31, 2009. Cattle producers receive $40 per beef breeding cow and bred heifer owned on January 1, 2009. The program is scheduled to end in June 2009.

Develop a regional presence to ensure farmers, ranchers, producer groups and industry have access to services and production and business information.

Enhanced Regional Services

On January 29, 2009, the Ministry announced the creation of the Regional Services Branch and the expansion of rural extension services offered to farmers, ranchers, producer groups and industry. Three new Regional Offices were added in Moose Jaw, Watrous and Kindersley, resulting in a total of ten Regional Offices.

For the past number of years, extension services available to farmers and ranchers focused on a toll-free telephone line and the Ministry website. Restructuring resulted in each Regional Office providing expertise in the areas of crops, livestock, forage and farm business management to producers. The change includes 15 additional Ministry of Agriculture staff working in rural Saskatchewan. This puts an increased emphasis on client service, with specialists providing the latest technical knowledge and research results. Also, the specialists are now available for on-farm visits and one-on-one meetings.

As well as expanding rural extension services, the Ministry also re-aligned the staff and services within its existing organization. Staff from the Agri-Business Development Branch, Crop Development, Livestock Development, Inspection and Regulatory Management and Market Development and Food Branches were transferred to three new branches with simplified, clear mandates – Regional Services Branch, Livestock Branch and Crops Branch. The Ministry's clients will see improved co-ordination and delivery of services.

Crop Sector Services

The Ministry continued to deliver crop pest diagnostic services to farmers, ranchers and agrologists through the Crop Protection Laboratory. Providing crop pest surveillance and monitoring keeps farmers, ranchers and agrologists aware of existing and potential crop risks.

Provincial Crop Specialist services were provided to farmers, ranchers, agrologists and farmer/commodity associations. Timely and relevant technology transfer products (e.g. Crop Production News, fact sheets, written articles and presentations) provided up-to-date research results and information to farmers, ranchers and agrologists on crop agronomy, sector development, pest protection and control.

The Ministry was also involved with the development and participation in programming such as Western Forum on Pests, Prairie Grain Development Committee, Western Canada Pest Survey Program, the Minor Use of Pesticides Program, the National Seed Forum, a Memorandum of Understanding on Critical Plant Pests, Grains, Oilseed & Special Crop roundtables and value-chain committees.

Collaborate with federal and provincial governments and industry on key agriculture industry issues.

Growing Forward

On July 10, 2008, the Federal Government and the Government of Saskatchewan signed the Multilateral Growing Forward (GF) Agreement which replaces the Agriculture Policy Framework (APF). The new five-year multilateral framework paved the way for programs that support the Growing Forward vision of a profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians.

The federal-provincial programming under the Agricultural Policy Framework (APF) was extended through 2008/09 through a Continuity Agreement with the federal and provincial governments. This provided time for governments to finalize the new Multilateral Growing Forward agreement and the Canada-Saskatchewan Bilateral Growing Forward agreement.

The Major Themes and Sub-themes in the GF Agreement are:

- Competitive and Innovative Sector, including:
    1) Innovation and Commercialization;
    2) Business Development; and
    3) Market Development.

- A Sector that Contributes to Society's Priorities, including:
    1) Food Safety Systems; and
    2) Environmental Programs.

- A Sector that is proactive in Managing Risks, including:
    1) Traceability; and
    2) Biosecurity.

The Canada-Saskatchewan Bilateral Growing Forward agreement was signed March 31, 2009. New programming under GF takes effect for the 2009-10 year and will run through to 2012-13.

In comparison to the previous framework, GF seeks to achieve greater integration of policy objectives and provide more provincial flexibility regarding specific goals and programming. The Farm and Ranch Water Infrastructure Program (FRWIP) and the Farm and Value-Added Business Development Initiative (FVABDI) are specific examples where Saskatchewan is able to exercise the programming flexibility that has been provided by the federal government.

FRWIP is actually the largest single component of GF in Saskatchewan. This program will account for more than one-quarter of the federal and provincial expenditures that will be made over the next four years. Other areas of major expenditures include Environmental Farm and Group Planning, Beneficial Management Practices and the Farm and Value-Added Business Development Initiative. Significant resources will continue to be devoted to science and innovation programming.

In 2008-09, the Ministry provided an additional $5.6 million (to total $11.6 million) to the FRWIP to address increased program demand in southwest Saskatchewan. The Federal Government also committed up to $17.4 million for projects in 2008-09. Further information is available in the 2008-09 annual report of the Saskatchewan Agriculture Stabilization Fund.

Cull sow processing of meat for Saskatchewan Food Banks ($440K)

On February 25, 2008 the Government of Canada announced $50 million for the national Cull Breeding Swine Program. The objective of the national program was to reduce the size of Canada's breeding inventory because of the severe financial difficulties facing the hog sector. The federal program paid producers $225 per sow or boar plus slaughter and disposal costs. Approximately 18,000 sows were euthanized in Saskatchewan under the federal program in 2008-09.

Instead of simply disposing of the high quality pork that was removed from the supply chain because of market conditions, the Ministry of Agriculture provided Sask Pork with a $440,000 grant to administer a program to process up to 2,000 culled sows into meat for donation to the Food Banks. This generated approximately 320,000 kilograms of meat for distribution to Food Bank clients. This was the maximum amount of meat that the Food Banks in this province could store.

Create an attractive business climate for the agriculture industry and establish the infrastucture that will support business development.

Announcement of the Agricultural Crown Land Sale Program

The Agricultural Crown Land Sale Program was announced on November 15, 2009. The five-year program enhanced the existing sale to lessee program by providing for a ten per cent discount off the sale price in the first year, decreasing by two per cent per year over the next four years and a new financing alternative to the cash sale. The new financing option requires 50 per cent of the sale price paid at the time of sale and provision of a payment schedule guarantee from a recognized financial institution. The program was developed to allow the potential return to private ownership of approximately 1.6 million acres. This program will put land ownership back into the hands of farmers and ranchers.

Private ownership provides benefits to agricultural producers, businesses and the province. The purchase of land allows producers to expand their equity base which is critical in financing their farming operations. Farmers have always demonstrated a willingness to reinvest any profits into their farm operations and ultimately into the economy of the province.

The payment schedule guarantee option adds diversification and marketability to the portfolio of services offered by financial institutions.

The province charges the institution no interest on the loan during the four years, which results in savings to the producer and a benefit for the lender.

The increased sales will provide additional funds to the general revenue fund. This allows a wider use of public resources to address public priorities.

Irrigation rehabilitation work

Rehabilitation work is underway to ensure that the Ministry continues to meet its contractual obligations to deliver water to its many customers and to provide a solid foundation for irrigation infill and expansion.

Asset Management Plans were completed for the following Ministry-owned assets:

- The East Side Pump Station;
- The M1 Canal and Bridges.

Pilot testing work was completed on the Pre-stressed Concrete Cylinder Pipe at the Luck Lake and Riverhurst Irrigation Districts and the results are under analysis. Additional inventory was purchased to ensure that the Ministry continues to provide uninterrupted service to its customers.

Livestock Loan Guarantee (LLG) Program

The LLG Program facilitates growth of Saskatchewan's livestock industry by providing producer associations access to credit at favourable interest rates and with limited collateral requirements for purchase of cattle, sheep or bison. The Program may also be used as a management tool to generate cash flow through retained ownership options. The LLG Program supports increased livestock production by providing guarantees to lenders who make loans to producer associations and individual feedlot operators. It also provides guarantees on loans for the construction of new or expansion of existing feedlots.

The program is administrated under a number of regulations from *The Farm Financial Stability Act.*

Saskatchewan Pastures Program

The Saskatchewan Pastures Program manages a total of fifty-three (53) cattle pastures and one (1) sheep pasture throughout the province encompassing approximately 840,000 acres. Cattle and sheep are grazed on a custom basis and the land resource is thereby preserved in its current productive state.

This land helps farmers and cattle producers by providing supplemental grazing opportunities for them to expand and/or diversify their farming and ranching operations.

Invest in progressive and relevant research, innovation and commercialization.

Agriculture Development Fund

In 2008-09 the Agriculture Development Fund (ADF) invested $9.5 million in 192 projects to create new knowledge and technologies that would improve the profitability and, competitiveness of Saskatchewan's producers and ranchers. ADF provides ongoing support for the development of new crop varieties and, this year, ADF funding contributed to 22 new crop cultivar candidates for registration. ADF also partnered with Genome Prairie by providing funding towards a $12 million project, "Total Utilization of Flax Genomics". This will create enormous opportunities for advancement in the entire flax sector. Improved productivity and quality characteristics for food, feed, fibre, health and industrial applications will translate into economic gains throughout the value chain for Saskatchewan. [2008-09 Budget Summary Commitment]

Support for Agriculture Research Infrastructure

In 2008-09, the Ministry invested $3.8 million in the Strategic Research Program and negotiated a new four-year agreement for $12.5 million with the University of Saskatchewan and Western Beef Development Centre. Under this program the Ministry will provide support for 15 research chairs whose work will enhance and add value to Saskatchewan producers and agriculture industry.

Support to PAMI, Western Beef Development Centre

The Ministry reviewed the mandate and functions of Western Beef Development Centre (WBDC) and initiated changes that will ensure that WBDC and PAMI's programs are aligned with Ministry and industry priorities. In 2008-09, the Ministry provided $925,000 to PAMI and WBDC to carry out research, development, evaluation and extension activities to improve the agricultural machinery and livestock industries in the province.

Ag-West Bio

Ag-West Bio Inc., located at Innovation Place in Saskatoon, focuses on creating value in agriculture, food, health and bio-based industries through leadership in the application of science and technology for the benefit of Saskatchewan people. Ag-West Bio Inc. expedites the commercialization of value-added products by linking knowledge and investment with science and enterprise in the development of products for meeting market demands.

In 2008-09, the Ministry provided funding in the amount of $900,000.00 to Ag-West Bio Inc. to assist the continuation of its activities.

Work with industry to review and develop a supportive regulatory framework that reflects current practices and fosters growth and prosperity in the industry.

The Ministry worked with a wide variety of industry partners to review and amend 20 separate sets of regulations over the course of 2008-09. (Full details are provided in Appendix F: Regulatory Ammendments.) The Ministry is working on a plan to review all of its regulations, more than 100 in total, over the next five years to ensure they support the growth and development of the agriculture industry in Saskatchewan.

Promote the agriculture sector and its benefits.

Youth Advisory Committee

The Minister created a Youth Advisory Committee on January 14, 2009, to provide advice and direction to the Ministry of Agriculture on youth attraction and retention in the agriculture industry, which includes farming, ranching and agri-business. The committee is comprised of seven members between the ages of 18 and 35. All of the members are actively involved in farming or ranching in Saskatchewan. The committee will work with Ministry staff to develop, implement and monitor a provincial agriculture youth strategy in the 2009-10 fiscal year. Within the first two months of operation, the committee has met twice and is well on its way to developing its first set of recommendations.

Working closely with industry groups, the long term strategy will be updated and reviewed annually. The formation of the committee comes at a time when the average age of farmers is steadily increasing and there are growing opportunities in value added agriculture. Young people are the key to securing a strong future for the agriculture industry.

Financial Summary

Expenses:

During 2008-09, the Ministry of Agriculture incurred expenses of $424.4 million, which is $121.6 million over the original expense budget of $302.8 million. Increased funding of $71.0 million was required for the Saskatchewan Cattle and Hog Support Program; $19.6 million for full funding of the AgriStability and AgriInvest programs for 2008; $16.3 million for the Crop Insurance Program (mostly due to higher premiums); $7.0 million for transitional costs to transfer administration of the AgriStability Program to the Province; $5.6 million for additional requirements of the Farm and Ranch Water Infrastructure program; $1.7 million for industry assistance grants (2008 Gopher Control Rebate Program and funding for processing culled sows for food banks); and $1.0 million for additional Research and Technology grants. As well, $8.2 million was expensed for revaluation of Crown agricultural land to current market prices.

Offsetting these additional expenses was $7.6 million in operational savings realized from across the Ministry and $1.2 million that was redirected from the operating budget for the purchase of pipeline infrastructure rehabilitation inventory.

The Ministry received additional appropriation of $130.812 million ($121.372 million in Transfers to Individuals and $9.44 million in Transfers for Public Services) through Supplementary Estimates to cover these expenditures. The revised budget also includes $600,000 in statutory adjustments as a result of the net financing requirements for the two revolving funds it operates.

The following table provides a summary of expenses:

Agriculture Expenses	**Original Budget** ($ thousands)	**Revised Budget** ($ thousands)	**Actual** ($ thousands)
Personal Services	28,375	28,375	25,203
Supplier and Other Payments	23,534	22,934	26,196
Transfers to Individuals	200,956	322,328	312,664
Transfers for Public Services	47,479	56,919	57,930
Amortization Expense	2,461	2,461	2,403
2008-09 Expenses	**302,805**	**433,017**	**424,396**

Revenue:

In 2008-09, the Ministry recorded $149.3 million in revenue; up $99.3 million from the Budget Estimate of $50.0 million. The increased revenue is primarily attributed to a $93.0 million reduction in the payable set up for CAIS and AgriStability for the 2003 to 2007 crop years due to revised Federal estimates for the programs. As well, land sales have increased by $3.1 million largely due to the Crown Land Sale Incentive Program, and Federal transfers have increased by $3.6 million due to increased administration costs of the Crop Insurance Program and transition and implementation costs for Provincial delivery of the AgriStability program.

Financial Summary

Full Time Equivalents (FTEs):

The Ministry budgeted 516.6 FTEs for 2008-09. The actual FTE utilization during the year was 525.9 which was 9.3 FTEs over budget. The increased utilization was a result of the administration of the Federal Canadian Agricultural Skills Service program (on behalf of the Federal Government) and additional term staff required for livestock inspections and pastures operations, offset by vacant positions within the Ministry throughout the year.

Financial Schedules 2008-2009

Ministry of Agriculture
Schedule of Revenue and Expenditures

		2008-09 Estimates $000s	2008-09 Actuals $000s	Variances over (under) $000s	Notes
Revenue					
Land Revenue:					
Crown Land Sales	$	4,000	7,092	3,092	1
Rent and Penalty on Land Leases		25,150	24,635	(515)	2
Land Licenses and Permits		400	597	197	3
Interest		250	78	(172)	4
Receipts from Federal Government		17,192	20,834	3,642	5
Privileges, Licenses and Permits		209	196	(13)	
Sales, Services and Service Fees		1,440	1,367	(73)	6
Interest Revenue		1,255	236	(1,019)	7
Other Revenue		51	53	2	
Refund of Previous Year Expenditures		53	94,162	94,109	8
Total Revenue	$	50,000	149,250	99,250	
Expenditure					
Central Management and Services	$	6,773	7,005	232	1
Industry Assistance	$	11,864	90,079	78,215	2
Land Management					
Land Management Services	$	3,190	3,233	43	
Losses on Sale of Land		400	-	(400)	3
Land Revenue Bad Debt Allowances		500	-	(500)	4
Pastures Revolving Fund					
Net Financing Requirement (Recovery)		-	(284)	(284)	5
Subtotal	$	4,090	2,949	(1,141)	
Inspection and Regulatory Management					
Program Operations	$	3,853	3,219	(634)	6
Livestock Services Revolving Fund					
Net Financing Requirement (Recovery)		471	156	(315)	7
Subtotal	$	4,324	3,375	(949)	

		2008-09 Estimates $000s	2008-09 Actuals $000s	Variances over (under) $000s	Notes
Policy and Planning	$	8,662	7,786	(876)	8
Research and Technology					
Project Coordination	$	988	672	(316)	9
Research Programming		14,212	15,191	979	10
Subtotal	$	15,200	15,863	663	
Development and Technology Transfer	$	22,002	18,378	(3,624)	11
Farm Stability and Adaptation					
Agri-Stability		91,462	118,099	26,637	12
Subtotal	$	91,462	118,099	26,637	
Financial Programs					
Financial Programs Management	$	5,820	4,498	(1,322)	13
Short-Term Hog Loan Program	$	565	632	67	14
Subtotal	$	6,385	5,130	(1,255)	
Crop Insurance					
Program Delivery	$	27,403	29,503	2,100	15
Crop Premiums		98,429	113,932	15,503	16
Interest Subsidy		4,000	2,700	(1,300)	17
Subtotal	$	129,832	146,135	16,303	
Budget Appropriation	$	300,594	414,799	114,205	
Supplementary Estimates/Special Warrants	$	130,812	-	(130,812)	18
Statutory Adjustment	$	(600)		600	19
Total Revised Appropriation	$	430,806	414,799	(16,007)	
Capital Asset Acquisitions	$	(250)	(163)	87	20
Amortization of Capital Assets	$	2,461	2,403	(58)	21
Other	$	-	7,357	7,357	22
Total Revised Estimates and Expenses	$	433,017	424,396	(8,621)	
FTE Staff Complement (FTE-Full Time Equivalent)		516.6	525.9	9.3	1

Financial Schedules - Notes

Explanations of variances which exceed $50,000 between Estimates and Actuals.

Revenue

1. Increased land sales as a result of the Crown Land Sale Incentive Program.

2. Decrease in land lease revenue due to lower oil and gas revenue.

3. Increased fees from non-family lease assignments and surface lease agreements.

4. Less interest received as land sale agreements were paid out early.

5. Increased revenue from the Federal Government for delivery of the Canadian Agricultural Skills Services Program, for transition and implementation expenses for Provincial delivery of the AgriStability Program, for increased Crop Insurance administration expenses, administration expenses of the Specified Risk Material Management Program and for the Food Safety Initiative.

6. Reduced demand for irrigation services due to favourable moisture conditions.

7. Lower total loans advanced and interest rates charged under the 2008 Short Term Hog Loan Program.

8. Reduced expenses for the 2007 and prior years AgriStability and CAIS Program, repayment of funding provided in previous years for Research and Development grants, and reversal of prior year accruals on office space leases and program payments (eg. Net Income Stabilization Account (NISA) and the BSE Recovery program.)

Expenditure

1. Accrued lease expenses for the closure of the Veterinary Lab in Regina partially offset by accommodation and renovation savings.

2. Funding for the Cattle and Hog Support Program, Gopher Control Rebate Program, and to SaskPork for processing of culled sows for distribution to Food Banks in Saskatchewan. As well additional funding was provided to the Farm and Ranch Water Infrastructure Program and the Livestock Predation Program.

3. Change in accounting treatment for Land Bank land which is now classified as a capital asset and losses are recorded as under "Other" amortization expense.

4. Funding not required for increased bad debt allowance for land accounts receivables.

5. The Pastures Revolving Fund cash receipts exceeded cash expenditures resulting in a net recovery.

6. Vacancy management, reduced board member expenses and out-of-province travel, and decreased demand for diagnostic laboratory testing.

7. The Livestock Services Revolving Fund cash expenditures exceeded cash revenues, as expected. However, actual cattle marketings were higher than predicted in the budget, resulting in a lower financing requirement.

8. Vacancy management and reduced operational expenses offset slightly by increased expenses for World Trade Organization and Federal/Provincial meetings and for implementation costs for Provincial delivery of the AgriStability program.

9. Vacancy management and resulting operational savings.

10. Additional research projects approved and additional funding provided under the Strategic Research Program.

11. Vacancy management, reduced operating costs and deferred irrigation infrastructure rehabilitation costs.

12. Increased requirement for full funding of the 2008 AgriStability and AgriInvest programs.

13. Vacancy management and resulting operational savings.

14. Additional loan loss provision required for the 2008 Short-term Hog Loan Program as a result of higher lending than budgeted in April-May 2009.

15. Additonal funding required for administration costs and severance payouts.

16. Increased costs due to increased acres insured and higher value coverage.

17. Lower interest subsidy required due to higher short-term investments.

18. Increased funding requirement for Cattle and Hog Support Program, higher Crop Insurance premiums, 2008 AgriStability program and the Gopher Control Rebate Program.

19. There is a statutory provision for Revolving Funds when the cash expenditures exceed revenue. Variances for the Pastures Revolving Fund and the Livestock Services Revolving Fund are explained in notes 5 and 7.

20. Funding for renovations to the Walter Scott Building was not required. However, these savings were offset by equipment purchased for field staff.

21. Increased amortization as a result of irrigation assets.

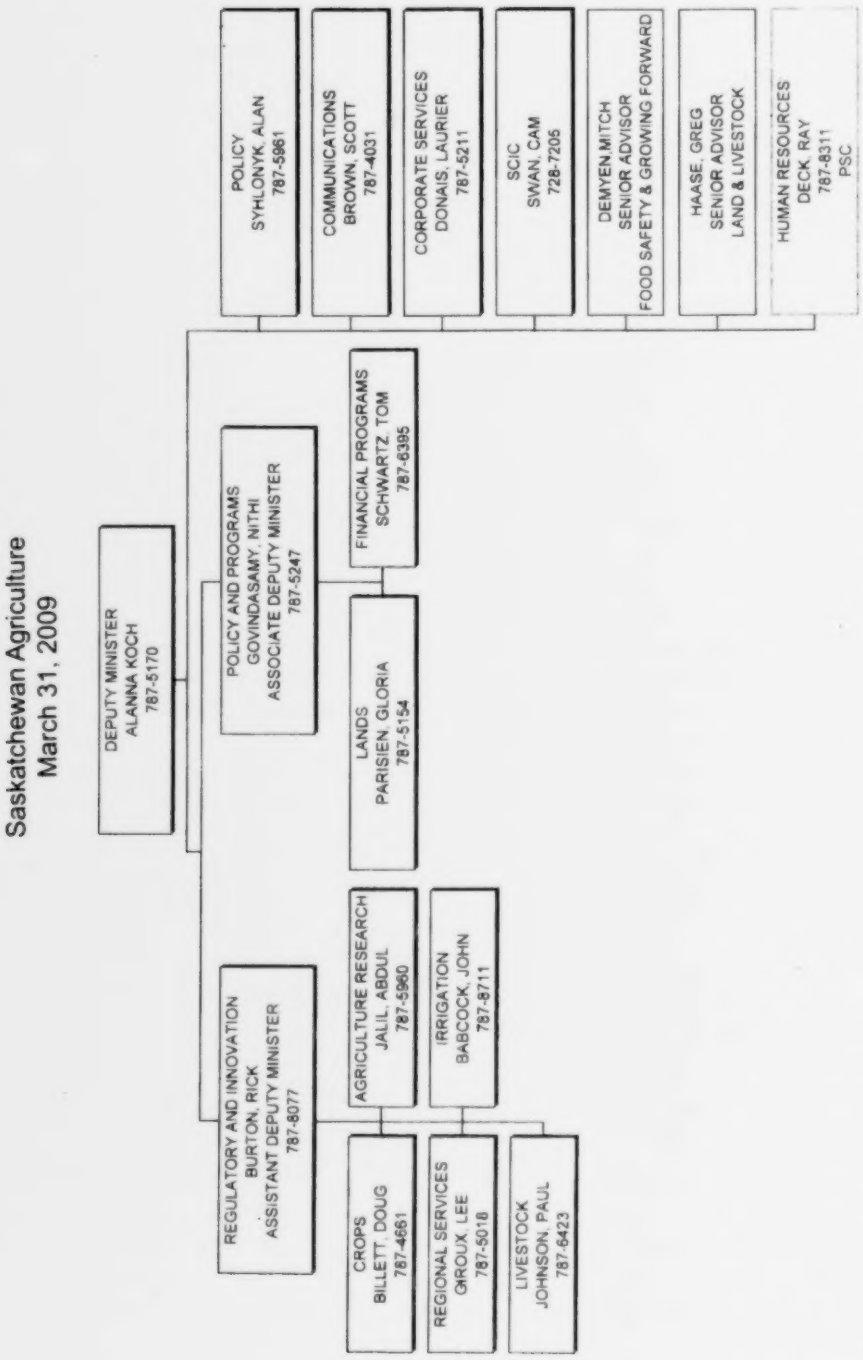
22. Capital asset write-down on Land Bank land to reflect appropriate asset value.

FTE Staff Complement

1. The variance is a result of the administration of the Federal Canadian Agricultural Skills Service Program (on behalf of the Federal Government) and additional term staff required for livestock inspections and pastures operations, offset by vacant positions within the Ministry throughout the year.

APPENDICES

Appendix A: Ministry Organizational chart (To Director Level)



Appendix B: Loans and Guaranteed Debt

Livestock Loan Guarantee (LLG) Program
The LLG Program facilitates growth of Saskatchewan's livestock industry by providing producer associations access to credit at favourable interest rates and with limited collateral requirements for purchase of cattle, sheep or bison. The Program may also be used as a management tool to generate cash flow through retained ownership options. The LLG Program supports increased livestock production by providing guarantees to lenders who make loans to production associations and individual feedlot operators.

During the 2008-09 budgeted and actual guarantees under this program were:

Breeder Associations (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	20,000	12,912	
Additions			
Reductions	(1,000)	(2,367)	
Ending Balance	19,000	10,545	(8,455)

Explanation of Variance:
Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing.

Feeder Associations (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	15,000	9,010	
Additions			
Reductions	(1,000)	(2,908)	
Ending Balance	14,000	6,102	(7,898)

Explanation of Variance:
Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing.

Individual Cattle Feeder Loan Guarantees (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	2,000	379	
Additions			
Reductions		(342)	
Ending Balance	2,000	37	(1,963)

Explanation of Variance:
Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing.

Feedlot Construction Loan Guarantees (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	3,000	742	
Additions		711	
Reductions			
Ending Balance	3,000	1,453	(1,547)

Explanation of Variance:
Program participation lower as a result of market uncertainty.

Enhanced Feeder Loan Guarantees (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	nil	nil	
Additions	500		
Reductions			
Ending Balance	500	nil	(500)

Explanation of Variance:
N/A

Short Term Hog Loan Program(s)
The Short Term Hog Loan Program(s) support increased livestock production by providing loans to producers. The first two short-term Hog Loan Programs were available in 1998 and 2002. A third hog loan program was announced in December 2007 again in response to the high feed prices and depressed market prices

During 2008-09 budgeted and actual loans under this program were:

1998 STHP outstanding loans (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	nil	14	
Additions			
Reductions	nil	(2)	
Ending Balance	nil	12	12

Explanation of Variance:
Loan reduction greater than anticipated as a result of the 2008 program.

2002 STHP outstanding loans (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	1,561	1,117	
Additions			
Reductions	(1,200)	(232)	
Ending Balance	361	885	524

Explanation of Variance:
Loan reduction greater than anticipated as a result of the 2008 program.

2008 STHP outstanding loans (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	21,690	13,506	
Additions	2,825	2,105	
Reductions	(565)	(233)	
Ending Balance	23,950	15,378	(8,572)

Explanation of Variance:
Program uptake was less than anticipated.

Agricultural Credit Corporation of Saskatchewan
Agri-Food Equity Fund (AFEF) debt was financing used by the fund for agri-value added investments and were to be repaid if AFEF investments are repaid.

During 2008-09, budgeted and actual balances under this program were:

Agri-Food Equity Fund (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	7,750	7,750	
Additions			
Reductions	(200)		
Ending Balance	7,550	7,750	200

Explanation of Variance:
AFEF investments are not being repaid as many businesses invested in are no longer operational or able to make repayments.

Appendix C: Saskatchewan Legislation Administered by the Ministry of Agriculture 2008-09

The Agricultural Credit Corporation of Saskatchewan Act

The Agricultural Equipment Dealerships Act

The Agricultural Implements Act

The Agricultural Leaseholders Act

The Agricultural Operations Act

The Agricultural Safety Net Act

The Agri-Food Act, 2004

The Agrologists Act, 1994

The Animal Identification Act

The Animal Products Act

The Animal Protection Act, 1999

The Apiaries Act, 2005

The Cattle Marketing Deductions Act, 1998

The Crop Insurance Act

The Crop Payments Act

The Department of Agriculture, Food and Rural Revitalization Act

The Diseases of Animals Act

The Expropriation (Rehabilitation Projects) Act

The Family Farm Credit Act

The Farmers' Counselling and Assistance Act

The Farm Financial Stability Act

The Farming Communities Land Act

The Grain Charges Limitation Act

The Horned Cattle Purchases Act

The Irrigation Act, 1996

The Land Bank Repeal and Temporary Provisions Act

The Leafcutting Beekeepers Registration Act

The Line Fence Act

The Milk Control Act, 1992

The Noxious Weeds Act, 1984

The On-farm Quality Assurance Programs Act

The Pastures Act

The Pest Control Act

The Pest Control Products (Saskatchewan) Act

The Prairie Agricultural Machinery Institute Act, 1999

The Provincial Lands Act *

The Sale or Lease of Certain Lands Act *

The Saskatchewan 4-H Foundation Act

The Saskatchewan Farm Security Act

The Soil Drifting Control Act

The Stray Animals Act

The Vegetable, Fruit and Honey Sales Act

The Veterinarians Act, 1987

The Veterinary Services Act

* *Joint responsibility*

Appendix D: Special Purpose Funds and Agencies with Legislative Responsibilities to Saskatchewan Agriculture as of March 31, 2009

Special Purpose Funds (Financial Statements are tabled separately)	Year End
Cattle Marketing Deductions Fund	March 31
Horned Cattle Fund	March 31
Livestock Services Revolving Fund	March 31
Pastures Revolving Fund	March 31

Agencies (Annual Reports are published separately)	
Agricultural Credit Corporation of Saskatchewan	March 31
Thomson Meats Ltd.	March 31
Agricultural Implements Board	March 31
Agri-Food Council	March 31
Agri-Food Innovation Fund	March 31
Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund	March 31
Irrigation Crop Diversification Corporation (ICDC)	March 31
Milk Control Board	December 31
Prairie Agricultural Machinery Institute	March 31
Saskatchewan Agricultural Stabilization Fund	March 31
Saskatchewan Crop Insurance Corporation	March 31
Crop Reinsurance Fund of Saskatchewan	March 31

Agencies under the Agri-Food Council

Beef Development Board
Canaryseed Development Commission of Saskatchewan
Chicken Farmers of Saskatchewan
Saskatchewan Alfalfa Seed Producers Development Commission
Saskatchewan Beekeepers Development Commission
Saskatchewan Broiler Hatching Egg Producers' Marketing Board
Saskatchewan Canola Development Commission
Saskatchewan Cattleman's Association
Saskatchewan Egg Producers
Saskatchewan Flax Development Commission
Saskatchewan Forage Seed Development Commission
Saskatchewan Mustard Development Commission
Saskatchewan Oat Development Commission
Saskatchewan Pulse Growers
Saskatchewan Sheep Development Board
Saskatchewan Turkey Producers' Marketing Board
Saskatchewan Winter Cereals Development Commission
Sask Pork

Appendix E: Third Party Funding

Third Party Funding

	($000's)
Industry Assistance Grants	
Budgeted Industry Assistance Grants Provides financial assistance and compensation to support development, expansion and diversification of the agricultural industry.	5,193
Meat Processing Strategy Encourages new and expanded slaughter and processing capacity in Saskatchewan. The Meat Processing Investment Rebate Program offers a 15 per cent rebate on construction costs for federally registered new plant construction or expansion. The rebate also applies to costs associated with a change of status from provincially regulated to federally registered status, or a move from federally registered status to European Union status.	1,044
Saskatchewan Farm and Ranch Water Infrastructure Program Provides assistance to farmers and ranchers in designated drought-affected areas of Southwest Saskatchewan to develop secure water supplies.	11,600
Gopher Control Rebate Program Provides producers, RMs and First Nations bands with 50 per cent reimbursement for eligible gopher control products.	1,242
Cattle and Hog Support Program Provides a support payment to Saskatchewan cattle and hog producers.	71,000
Research and Technology Grants	
Research and Development Grants Funding provided through a number of mechanisms including the Agriculture Development Fund to support research and development. Areas of focus include, but are not limited to: improved food quality and safety, decreased agricultural production risk, increased livestock competitiveness and the development of proprietary technology and know-how in novel applications.	9,538
Strategic Research Programs Provides funding to cover the salaries of Research Scientist/Technician teams at the University of Saskatchewan and the Prairie Agricultural Machinery Institute. The Program covers four broad research themes including crop genetic improvement, foods and bio-product development, soils/environment and livestock research.	3,828
Prairie Agricultural Machinery Institute Core funding is provided to the Prairie Agricultural Machinery Institute (PAMI) which contributes to their mandate of assisting the agriculture industry through applied research, development and testing. PAMI focuses on farm equipment design, bio-energy and processing as well as livestock production and economics through their relationship with the Western Beef Development Centre.	925
Ag-West Bio Inc. Agriculture contributes to Ag-West Bio Inc.'s focus on developing products derived from living organisms with market applications in agricultural, environmental, industrial, energy and bio-processing, and health and nutrition markets.	900

Third Party Funding

	($000's)
Farm Stability and Adaptation Provides the Provincial contributions to the AgriStability and AgriInvest Programs. Provides Saskatchewan Crop Insurance Corporation transition and implementation funding for Provincial delivery of the AgriStability Program.	**118,099**
Crop Insurance Provides funding for the Saskatchewan Crop Insurance Corporation (SCIC) to administer insurance programs which protect grain and livestock producers from production failures due to natural hazards. SCIC also delivers programs which compensate producers for crop damage caused by big game and migratory waterfowl.	**146,135**
Miscellaneous	
Market Development and Food - funding to applicants under the Value Chain Program. The program supports the promotion, development and implementation of value chains in SK.	**261**
Policy Branch - Environmental Monitoring Program	**179**
Irrigation Branch - provides funding to Irrigation Crop Diversification Corporation for non-district irrigation members.	**35**
Lands Branch - provides compensation to Rural Municipalities and Conservation and Development Authorities for tax levies on vacant patented Crown Land and for arrears owed on behalf of former Crown Land lessees.	**48**
Central Services - The Ministry pays the accommodation costs of space occupied by Prairie Diagnostic Services.	**337**
Inspection and Regulatory Management - grant to the Saskatchewan Society for the Prevention of Cruelty to Animals in support of investigation of welfare complaints involving livestock.	**230**
Total Third Party Funding	**370,594**

Appendix F: Regulatory Amendments

The 2008-09 regulatory agenda included:

- *The Canada-Saskatchewan Specified Risk Material Management Program Amendment Regulations, 2009* amended these regulations to provide assistance to beef industry stakeholders required to make capital investments to comply with the *Enhanced Feed Ban Regulations* that came into effect on July 12, 2007. This program allows for up to 90 per cent of eligible project expenditures.

- *The Farm and Ranch Water Infrastructure Program Regulations* provide the authority to make program payments to eligible participants who dedicate the payments to the development of a secure water supply in the designated drought area of Southwest Saskatchewan.

- *The Provincial Lands Amendment Regulation, 2008* amends the eligibility for an applicant applying for a tender sale on vacant agricultural Crown land to be established by policy; creates a new fee for domestic water pipelines; and clarifies the annual rental for battery sites.

- *The Provincial Lands Amendment Regulations, 2008 (No. 2)* provides the authority to the Minister to change the amount of compensation paid to agricultural lessees to address damage and inconvenience to the lessee for oil and gas development surface lease activity.

- *The Saskatchewan Flax Development Plan Amendment Regulations, 2008* provides the authority to stagger the terms of the directors of the commission to allow for continuity and to allow the appointment of a registered producer as a director where fewer than the required number of directors are elected.

- *The Farm and Ranch Water Infrastructure Program Amendment Regulations, 2008* provide for the federal funding in the program, as well as providing for more projects to be covered at a higher level.

- *The Bison Breeder Associations Loan Guarantee Amendment Regulations, 2008* provides the authority to increase the maximum allowable cap for eligible producers.

- *The Bison Feeder Associations Loan Guarantee Amendment Regulations, 2008* provides the authority to increase the maximum loan limits for eligible producers who are joining a feeder association or for those who have been a member for a number of years.

- *The Saskatchewan Canola Development Plan Amendment Regulations, 2008* provides authority to update terminology, clarify the nomination of registered producers to the board of directors, elections, tie votes, term of office and allow the appointment of a registered producer as a director where fewer than the required number of directors are elected.

- *The Sheep Breeder Associations Loan Guarantee Amendment Regulations, 2008* provides the authority to increase the maximum loan limits for eligible producers who are joining a breeder association or for those who have been a member for a number of years.

- *The Sheep Feeder Associations Loan Guarantee Amendment Regulations, 2008* provides the authority to increase the maximum loan limits for eligible producers who are joining a breeder association or for those who have been a member for a number of years.

- *The Gopher Control Rebate Regulations* provides authority to make payments to eligible applicants who made significant investments to control gophers in 2008.

- *The Provincial Lands Amendment Regulations, 2008 (No. 3)* provides the authority to implement the Agricultural Crown Land Sale Program.

- *The Short-term Cattle Loan Program Amendment Regulations, 2008* provides the authority to give producers the option to postpone their 2009 principal payments for one year.

- *The Short-term Hog Loan Program Amendment Regulations, 2008* provides the authority to give hog producers the option to extend the first payment date from May 2009 to May 2010. The term of the loan remains three years from the first payment date.

- *The Cattle Development Plan Regulations* establishes the Saskatchewan Cattlemen's Association to administer the cattle plan but does not give the power to collect levies.

- *The Saskatchewan Cattle and Hog Support Program Regulations* provides the authority to administer the Saskatchewan Cattle and Hog Support Program which will provide direct payments to cattle and hog producers.

- *The Alfalfa Seed Development Plan Regulations* repeal and replaced with *The Saskatchewan Alfalfa Seed Producers Development Plan Regulations,* to clarify definitions and update references to *The Agri-Food Act, 2004.*

- *The Wildlife Damage Compensation Program Amendment Regulations, 2009* were made based on recommendations from the Crop Insurance Review to increase the level of compensation under the Wildlife Damage Compensation program from 80 per cent to 100 per cent.

- *The Crop Insurance Amendment Regulations, 2009* provide the authority to implement crop insurance changes to 2009.